

BUDGET, FINANCE & INVESTMENT COMMITTEE

January 10, 2013

5:30 P.M.

Courthouse

MINUTES:

Members Present:	Others Present:	Others Present:	Others Present:
Comm. Charlie Baum	Ernest Burgess	Bernard Salandy	Steve Schroeder
Comm. Joe Frank Jernigan	Teb Batey	Joe Russell	Lauren Fletcher
Comm. Will Jordan	Rob Mitchell	Barry Hendrixson	Travis Wright
Comm. Robert Peay	Robert Arnold	Steve Spence	Ryan Hoke
Comm. Steve Sandlin	Don Odom	Randy Garrett	Jeff Carlton
Comm. Doug Shafer	Lisa Nolen	Jeff Sandvig	Scott Broden
Comm. Joyce Ealy, Chr.	Melissa Stinson	Pam Furlong	Elaine Short

Chairman Ealy presided and called the meeting to order with all members being present.

APPROVE MINUTES:

The minutes of the December 6, 2012 Budget Committee meeting were presented for approval.

Comm. Shafer moved, seconded by Comm. Jernigan to approve the minutes as presented.

The motion passed unanimously by acclamation.

INVESTMENT REPORT:

Mr. Teb Batey, Trustee, presented the monthly Investment Report for the use and information of the committee advising that no investment bids occurred during the past month. The LGIP interest rate for the month was .15%.

Comm. Jernigan moved, seconded by Comm. Sandlin to approve the monthly Investment Report as presented.

The motion passed unanimously by acclamation.

FUND CONDITION REPORT:

Finance Director Lisa Nolen presented the monthly Fund Condition Report for the month ending December 31, 2012 for the use and information of the committee advising that the Development Tax collections for the month totaled \$114,000 with the year-to-date collections being \$858,000. This compared to the same period in the prior fiscal year when the December, 2011 Development Tax collections were \$60,750 with the year-to-date collections being \$413,250.

The committee reviewed the fund cash balances totaling \$187,452,703 with \$168,044,337 being operating funds and \$19,408,366 being borrowed funds. This compared to the same period last year when the total cash balances were \$163,381,898 with operating funds being \$145,806,826 and borrowed funds being \$17,575,072.

The Finance Director advised the committee that later in the meeting an amendment would be requested to close the remaining balance of \$1,697.74 in the Stewart's Creek Farms project to the General Fund in the Restricted for Capital Account. The Finance Director also advised that over \$300,000 of Development Tax funds were used toward the Jail Expansion Project for the kitchen and \$37,112.10 was remaining. The project has been completed, and she would be presenting a proposal for the use of these funds for the construction of a fire station later in the meeting.

The Finance Director reviewed the revenue collections advising that the revenue in the General Fund was 50.74% collected as of the end of December. The revenue collections in the Ambulance Service Fund were 49.35% collected as of the end of December. As reported last month, the sales tax collections were up by 42%, hotel/motel tax collections were up by 14%,

building permits were up by 49%, and excess fees were up by 20%. Mrs. Nolen advised that she had received the December sales tax collections report this afternoon, and comparing the December, 2012 sales tax report, which reflected November sales, to the December, 2011 sales tax report, the collections were up by 16.5% for the entire county.

The Finance Director also reported that 57.23% of the budgeted revenue from local taxes had been collected. This revenue category included revenue received from the payments-in-lieu of tax (PILOT) agreements through the Industrial Development Board. The tax bills for the PILOTS are generated from the Finance Department, and are outside the normal property tax billing. Based on the agreements, the Finance Department bills the businesses for their PILOT amount. She advised that Embassy Suites had appealed their 2010 and 2011 tax assessments. As a result, the Finance Department will be refunding Embassy Suites \$434,000 based on a settlement of their appeal. She also advised that as a result of a settlement of an appeal from General Mills, the Finance Department had refunded General Mills \$36,785.

The Finance Director explained that there were also two businesses whereby the PILOT agreement should have ended, but because the businesses had not completed all of the necessary paperwork to terminate the agreement, the Finance Department was continuing to bill them as if they were still under the PILOT agreement. The revenue from these two businesses was not included in the budget for payments-in-lieu of taxes. The net result between the refunds to Embassy Suites and General Mills and the additional revenue from the two businesses that have not completed the paperwork with the IDB was a total reduction in the revenue account of approximately \$152,000.

The Finance Director provided revenue for the Solid Waste/Sanitation Fund, Highway Fund, General Purpose School Fund, Drug Control Fund, and Debt Service Fund, all of which reflected that revenue collections were up from the prior four years.

Following review, Comm. Jordan moved, seconded by Comm. Peay to approve the monthly Fund Condition Report as presented.

Comm. Sandlin stated that he thought all property tax appeals were done through a court situation. He asked if some of the appeals had been negotiated.

Mayor Burgess advised that it had been reported that approximately 714 assessment appeals had been settled. He advised that the settlements occurred through a process involving either a judge or the assessor's office.

Comm. Shafer advised that the process would involve an administrative judge.

Comm. Baum stated that it was his understanding that the settlements would occur privately without the use of a judge.

Comm. Jordan stated that settlements could occur up to the court date.

Mayor Burgess explained that the PILOT appeals were no different from other assessment appeals. He stated that many owners paid the property taxes under protest, and if it was determined that the taxpayers had overpaid, they would also be refunded. He stated that the Trustee would be refunding the other taxpayers.

Following discussion, the motion to approve the monthly Fund Condition Report as presented passed unanimously by acclamation.

RISK MANAGEMENT FINANCIAL REPORT:

Mrs. Melissa Stinson, Risk Management Director, presented the monthly Risk Management Financial Report for the use and information of the committee. Fund 264, Employee Insurance Fund, reflected a cost per employee per month of \$838.70 compared to \$741.06 for the prior year. The year-to-date average cost per employee was \$863.81 for medical, dental, and vision

compared to \$825.91 for the prior year. When the on-site medical clinic costs are included, the cost per employee per month increases to \$873.56 compared to \$769.86 for the prior year. The year-to-date average for the entire plan was \$896.79 compared to \$855.94 for the prior year reflecting a 4.8% increase year over year.

Mrs. Stinson reviewed Fund 266, Work Injury Fund performance, advising that the year-to-date claims costs were \$431,374.83 compared to \$358,269.43 for the prior year reflecting a 20% increase.

Comm. Jernigan moved, seconded by Comm. Jordan to approve the Risk Management Financial Report as presented.

The motion passed unanimously by acclamation.

GENERAL FUND BUDGET AMENDMENTS

PROPERTY ASSESSOR/REAPPRAISAL:

Mr. Rob Mitchell, Property Assessor, requested approval of the following budget amendment to transfer \$10,000 from the Property Assessor Gasoline Account to the Reappraisal Gasoline Account:

From: 101-52300-425 – Property Assessor/Gasoline -	\$10,000
To: 101-52310-425 – Reappraisal/Gasoline -	\$10,000

Comm. Jordan moved, seconded by Comm. Peay to approve the budget amendment for the Property Assessor transferring \$10,000 from Account 101-52300-425, Property Assessor Gasoline, to Account 101-52310-425, Reappraisal Gasoline.

The motion passed by roll call vote with Comm. Shafer abstaining.

CORRECTIONAL WORK CENTER:

Superintendent Bernard Salandy requested approval of the following budget transfer for the Correctional Work Center to provide sufficient funding for Maintenance and Repair of Buildings and Maintenance and Repair of Equipment for work being done on the chiller:

From: 101-54220-399 – Other Contracted Services -	\$12,000
To: 101-54220-335 – Maintenance & Repair Building -	\$ 4,000
101-54220-336 – Maintenance & Repair Equipment -	8,000

Comm. Jernigan moved, seconded by Comm. Shafer to approve the budget transfer for the Correctional Work Center transferring \$12,000 from Account 101-54220-399, Other Contracted Services, with \$4,000 to Account 101-54220-335, Maintenance & Repair Building, and \$8,000 to Account 101-54220-336, Maintenance & Repair Equipment.

The motion passed unanimously by roll call vote.

COUNTY ATTORNEY:

The Finance Director requested approval of the following budget amendment for the County Attorney's Office to provide sufficient funds for legal services for the rest of the current fiscal year. The Finance Director advised that invoices for May and June, 2012 expenses totaling \$63,349.90 were not received until December, 2012. Only \$15,448 was available from the prior year to pay the bill. In addition, the County Attorney's Office charges for work performed outside the Legal Services Agreement. No provision was made in the County Attorney's 2012-13 budget for these charges. Through December, 2012, the cost of these charges totaled

\$13,598. The amendment provides for the balance of charges from fiscal year 2012, costs incurred to date for charges outside the Legal Services Agreement, and an estimate of \$15,000 for future charges for services beyond the Legal Services Agreement:

From: 101-39000 – Unassigned Fund Balance -	\$76,500
To: 101-51400-331 – Legal Services -	\$76,500

Comm. Baum asked the Finance Director if it was correct that the charges for May and June were under the prior Legal Services Agreement that was based on an hourly rate.

The Finance Director advised that was correct.

Mayor Burgess explained that the largest portion of the request was based on the prior Legal Services Agreement. The smaller portion of the request covered charges that were outside of the current Legal Services Agreement, and there would always be some charges for those issues over and above the base amount.

Comm. Baum asked for an example of something that would be outside of the agreement.

Mayor Burgess explained that from time to time PAWS had to go to court to have a dog declared dangerous, and that was outside the scope of the Legal Services Agreement. He also advised that there were issues that had to be handled for Building Codes that were outside of the Legal Services Agreement.

Following discussion, Comm. Jordan moved, seconded by Comm. Jernigan to approve the budget amendment for the County Attorney's Office amending \$76,500 from Account 101-39000, Unassigned Fund Balance, to Account 101-51400-331, Legal Services.

The motion passed unanimously by roll call vote.

JAIL:

Sheriff Robert Arnold, and Chief Deputy Joe Russell, requested approval of the following budget transfer within the Detention Budget to provide additional funding for Maintenance and Repair of the Building:

From: 101-54210-707 – Building Improvements -	\$ 40,000
101-54210-399 – Other Contracted Services -	20,000
To: 101-54210-335 – Maint./Repair Building -	\$ 60,000

Comm. Baum asked if this request would provide funding for the boiler repair.

Sheriff Arnold stated that originally, the money was going to be used for painting and other maintenance items at the facility, but then the boilers went out. He stated that the boilers were in the process of being repaired.

Mayor Burgess stated that the Building Improvement Account still had money.

Comm. Peay moved, seconded by Comm. Jernigan to approve the budget transfer for the Jail as requested transferring \$40,000 from Account 101-54210-707, Building Improvements, and \$20,000 from Account 101-54210-399, Other Contracted Services, with a total of \$60,000 to Account 101-54210-335, Maintenance and Repair Buildings.

Sheriff Arnold advised that other projects had already been initiated to be paid from the Building Improvements Account.

Mayor Burgess advised that he would work with the Sheriff's Department very carefully and properly and the money that the Sheriff's Department needed to keep the building functioning

and providing hot water and heating and cooling would be provided. He stated that he would review the numbers with them in some detail.

Following discussion, the motion to approve the budget transfer for the Jail as requested transferring \$40,000 from Account 101-54210-707, Building Improvements, and \$20,000 from Account 101-54210-399, Other Contracted Services, with a total of \$60,000 to Account 101-54210-335, Maintenance and Repair Buildings passed unanimously by roll call vote.

INFORMATION REGARDING FUNDING FOR ADDITIONAL SRO'S:

Chairman Ealy advised that there was no motion from the Public Safety Committee regarding funding for additional SRO's, but Comm. Peay had requested a report on the cost to put SRO's in all elementary schools. It was reported that currently there were two SRO's in each high school, one in middle schools and all elementary schools shared an SRO. With the inclusion of Stewarts Creek High School, an additional twelve new SRO's would be needed. Comm. Peay requested the exact cost for discussion and the same to be presented at the next Budget Committee meeting.

Comm. Ealy stated that she assumed that this would be for information only since the funding for the additional SRO's had not been through the committee process.

Sheriff Arnold stated that he was asked how much it would cost to put an SRO in every school in the county. He stated that it would take 11 SRO's to do that with one of them being a sergeant position. Including funding for equipment, vehicles and training, the total cost would be \$1,206,711 for a full year.

Comm. Jordan noted that the money for the equipment and vehicles would be a one-time expense.

Comm. Baum stated that with the fiscal year being half over, the cost would be half the amount. He also stated that it might take some time to get the people hired, so it might cost less than half.

It was noted that approximately \$583,000 would be recurring costs.

Comm. Peay stated that in talking with people in his area, he has not had anyone tell him that the county should not approve the additional SRO's. He stated that he believed it should be done, and he would push for it. He stated that he wanted to start looking at the costs now, but he did not know if it was something that could be put in place this year. He stated that he had heard that some of the legislators were going to propose more money to come from the state to pay for resource officers. Comm. Peay stated that Rutherford County had been pro-active regarding school resource officers. He stated that he believed it was important for the commission to look at it and have an open discussion about it.

Comm. Sandlin stated that there were always vehicles on the lot at the Sheriff's Department. He asked if there were enough vehicles to provide for the additional SRO's.

Sheriff Arnold stated that almost all of the vehicles had been pulled off the lot, and they did not have any extra vehicles.

Capt. Hendrixson reminded the committee that Stewart's Creek High School would be opening, and two SRO's would be needed for the school. The information provided did not include Stewart's Creek. They would need 11 SRO's for the elementary schools plus two for Stewart's Creek High School for a total of 13 new SRO's.

Comm. Sandlin stated that the SRO's had helped a lot in the high schools and in the elementary schools, as well. He stated that it should come through the committee process, and with the budget process beginning, it should be included in the Sheriff's 2013-14 budget request so that the SRO's could be in place by the fall when school starts.

Comm. Jordan stated that he believed all of the options should be discussed before anyone was hired.

MISCELLANEOUS REFUNDS/DEVELOPMENT TAX:

The Finance Director advised that a refund was received from the City of Murfreesboro in the amount of \$8,200 for the landscape installation bond for Lane Agri-Park. She requested approval of the following budget amendment to account for the refund in the Restricted for Capital Projects Account (Development Tax):

Increase Revenue:	101-44170 – Miscellaneous Refunds -	\$8,200
Increase Expend.:	101-34585 – Restricted for Capital Projects -	\$8,200

Comm. Jordan asked if the money for the landscaping was provided from the Development Tax or if it was provided from the money collected by the Agriculture Extension Office.

The Finance Director advised that she believed that the money came from the Development Tax. She stated that before the commission meeting she would verify the source of funding.

Following discussion, Comm. Jordan moved, seconded by Comm. Sandlin to approve the budget amendment contingent upon the Finance Director verifying the source of funds of the \$8,200 for the landscape bond for the Lane Agri-Park increasing Revenue Account 101-44170, Miscellaneous Refunds, by \$8,200 and increasing Account 101-34585, Restricted for Capital Projects, by \$8,200.

The motion passed unanimously by roll call vote.

CONTRIBUTION AGREEMENT WITH USDA NATURAL RESOURCES CONSERVATION SERVICE:

The Finance Director requested approval of a Contribution Agreement with the USDA Natural Resources Conservation Service, which provides funds for a part-time employee at the Rutherford County Soil Conservation District. In the past, there has been an Agreement between the Federal Government, the State of Tennessee, and Rutherford County with each entity providing \$10,000. The Federal Government is reducing their funding to \$9,000. Rutherford County would be committing to providing at least two-thirds of the cost through in-kind contributions of district employees' time currently spent implementing Farm Bill activities. The share of cost through in-kind contributions is estimated to be \$20,000, with the State of Tennessee providing \$10,000, for the period of September 1, 2012 through August 31, 2013.

Following review, Comm. Sandlin moved, seconded by Comm. Jernigan to authorize the County Mayor to execute the Contribution Agreement with the USDA Natural Resources Conservation Service to deliver the conservation technical assistance for planning and implementation of conservation programs with the Federal Government funding \$9,000, and Rutherford County providing at least two-thirds of the cost through in-kind contributions of district employees' time currently spent implementing Farm Bill activities. This share of cost through in-kind contributions is estimated to be \$20,000, with the State of Tennessee providing \$10,000, for the period of September 1, 2012 through August 31, 2013.

The motion passed unanimously by acclamation.

GENERAL CAPITAL PROJECTS BUDGET AMENDMENTS:

Finance Director Lisa Nolen requested approval of the following budget amendment to close the balance of the Stewart's Creek Farms Project and transfer the remaining balance back to the Restricted for Capital Projects (Development Tax) Account in the General Fund. \$30,215 was provided from the Development Tax to help provide funding for the project:

Increase Revenue:	101-49800 – Transfers In -	\$1,698
Increase:	101-34585 – Restricted for Capital Projects -	\$1,698

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget amendment as requested to close the balance of the Stewart's Creek Farms Project and transfer the remaining balance to the General Fund increasing Revenue Account 101-49800, Transfers In, by \$1,698 and increasing Account 101-34585, Restricted for Capital Projects, by \$1,698.

The motion passed unanimously by roll call vote.

The Finance Director provided a copy of the General Capital Projects Progress Report for the use and information of the committee showing the status of each General Capital Project. The construction of the Rutherford County Fire Department Project is complete, and has a remaining balance of \$71,252. However, the Midland-Fosterville Fire Station is short \$91,456. It was previously approved that any money remaining from the Rutherford County Fire Department Project would go toward the Midland-Fosterville Fire Station. This would result in an overall shortage of \$20,204.

The Law Enforcement Kitchen Addition and Improvements Project is complete and has a remaining balance of \$37,112. The Finance Director advised that Development Tax funds were used to assist in funding of the project, and she requested that the remaining balance of \$37,112 be transferred to the Midland-Fosterville Fire Station Project to cover the shortage. She explained that even though the Midland-Fosterville Fire Station was approximately \$20,000 short, it would be necessary to purchase some equipment.

Mayor Burgess advised that, potentially, there could be some change orders on the Midland-Fosterville Fire Department.

Comm. Jernigan moved, seconded by Comm. Peay to close the Law Enforcement Kitchen Addition and Improvements Project and transfer the remaining funds of \$37,112 to the Midland-Fosterville Fire Station Project to cover the shortage.

The motion passed unanimously by roll call vote.

OTHER BUSINESS:

Comm. Shafer asked Mr. Odom, Director of Schools, what his thoughts were regarding the additional SRO's.

Mr. Odom stated that he supported the SRO's, and that Rutherford County was the leading district in the state and hired the first SRO's in the state. Regarding the use of other devices that had been mentioned, he advised that the Rutherford County School System began several years ago changing the entrances to some of the schools. He stated it was very common for some classrooms to be locked. He stated that Rutherford County was very much ahead regarding security, and that most of the security issues related to the use of portable classrooms.

ADJOURNMENT:

There being no further business to be presented at this time, Chairman Ealy declared the meeting adjourned at 6:34 P.M.

Elaine Short, Secretary